

July 6, 2009

Mr. Corbin T. Jones
Senior Campaign Finance Analyst
Reports Analysis Division
Federal Election Commission
999 E Street, NW
Washington, DC 20463

Dear Mr. Jones:

AT&T Federal PAC (C00109017) has received your letter dated June 10, 2009. I write to respond to the issues that your letter identified.

MARTINEZ FOR SENATE REFUND

Your letter mentions a memo entry on the PAC s February 2009 Monthly Report related to a \$2,750 contribution refund from Martinez for Senate, U.S. Senator Mel Martinez s authorized campaign committee. The memo entry states: Contribution made by affiliated Federal PAC which is now merged with AT&T Federal PAC.

To provide background on this memo entry, BellSouth Corporation Employees Federal PAC (C00174060) made two contributions to Martinez for Senate one for \$1,500 on July 18, 2006 and one for \$1,250 on November 2, 2006. After AT&T and BellSouth completed their corporate merger, BellSouth PAC notified the Commission of its affiliation with AT&T PAC by filing an amended Statement of Organization on January 4, 2007. BellSouth PAC properly transferred its remaining assets to AT&T PAC and terminated on June 13, 2008. Six months after BellSouth PAC s termination, on December 2, 2008, Senator Martinez announced that he would not run for re-election in 2010. Accordingly, Martinez for Senate promptly refunded BellSouth PAC s \$2,750 contribution. Because BellSouth PAC had effectively merged into AT&T PAC by that time, AT&T PAC received the refund check and asked the Commission s Information Division for guidance. The Information Division instructed AT&T to deposit the check, if possible, and to report receipt of the refund through a memo entry.

Your letter, however, says that AT&T PAC is not allowed to accept refunds of contributions made by another committee. And you have told AT&T PAC representatives over the telephone that they must resolve this issue through the following multi-step process: (1) reconstitute BellSouth PAC for the purpose of receiving a Martinez for Senate refund; (2) send an AT&T PAC check for \$2,750 to Martinez for Senate; (3) ask Martinez for Senate to re-issue a refund check to the new BellSouth PAC; (4) deposit the new \$2,750 refund check into the new BellSouth PAC s account; (5) transfer \$2,750 from the new BellSouth PAC to AT&T PAC; and (6) re-terminate BellSouth PAC.

AT&T PAC has several concerns with your proposal. First, the utility of reconstituting BellSouth PAC is unclear. As was mentioned in the Commission s June 13, 2008 Termination Approval letter to BellSouth PAC, a reconstituted BellSouth PAC would be treated as a new entity by the Commission. As a new entity that is treated as legally separate from the now-terminated BellSouth PAC, then new BellSouth PAC would not have any greater right to deposit a Martinez for Senate refund check than AT&T PAC.

Second, Commission precedent suggests that it would be improper to reconstitute BellSouth PAC simply to deposit a refund check and transfer the refund to another party. In an arguably similar situation, the Commission said that a terminated committee could not be reactivated solely for the purpose of accepting a contribution that would then be transferred to a former candidate. (Footnote 1)

Third, AT&T PAC could not now give a contribution to Martinez for Senate. Commission regulations declare that a

ETEXT ATTACHMENT

contribution made after [an] election . . . shall be made only to the extent that the contribution does not exceed net debts outstanding from such election. (Footnote 2) Senator Martinez has withdrawn from the 2010 Senate primary election in Florida, making all contributions following his December 2, 2008 announcement after the election. Since Martinez for Senate has no net debts outstanding, AT&T PAC is not now permitted to make any contributions to the committee.

Finally, it is not apparent that your proposal would provide more information to the public. On the contrary, if AT&T PAC representatives followed your proposal, the public would be forced to follow an elaborate six-step process through a lengthy paper trail. The PAC's current memo-entry reporting of the refund deposit serves the Commission's interest in full transparency because it provides easy-to-understand information about the deposit's circumstances in a single place.

AT&T PAC believes that its prior resolution of this issue was, as the Information Division recognized, entirely consistent with Commission regulations. This situation is analogous to a previous Advisory Opinion, where the Commission permitted a former candidate to accept vendor refunds issued to the candidate's terminated committee rather than force the committee to re-open for the sole purpose of accepting the refunds. (Footnote 3) Long before Senator Martinez issued the \$2,750 refund, BellSouth PAC's cash-on-hand, payroll-deduction system, and other assets were all transferred to AT&T PAC. This transfer was effectively a PAC merger that paralleled the BellSouth-AT&T corporate merger. AT&T PAC is thus a continuance of BellSouth PAC in the same way that a former candidate is a successor to his authorized committee, meaning that AT&T PAC's deposit was in harmony with Commission regulations and precedent.

VOIDED CHECK TO PACIFIC NORTHWEST FUND

Your letter also referenced a voided check to Pacific Northwest Fund on AT&T PAC's February 2009 Monthly Report and noted that the original contribution has not been reported. As you have now confirmed in recent phone conversations with AT&T PAC representatives, the PAC did report the original contribution on page 271 of its October 2008 Monthly Report. Accordingly, we understand this issue to be resolved.

Please notify me if you have any further questions regarding either of these issues.

Sincerely,

Jonathan P. Klug
Treasurer
AT&T Federal PAC

1) FEC Adv. Op. 1977-43.

2) 11 C.F.R. 110.1(b)(3)(i).

3) FEC Adv. Op. 1980-114. See also FEC Adv. Op. 1987-03

allowing the Treasury Department to accept a vendor refund issued to a terminated, publicly funded presidential campaign).